RV BUSINESS

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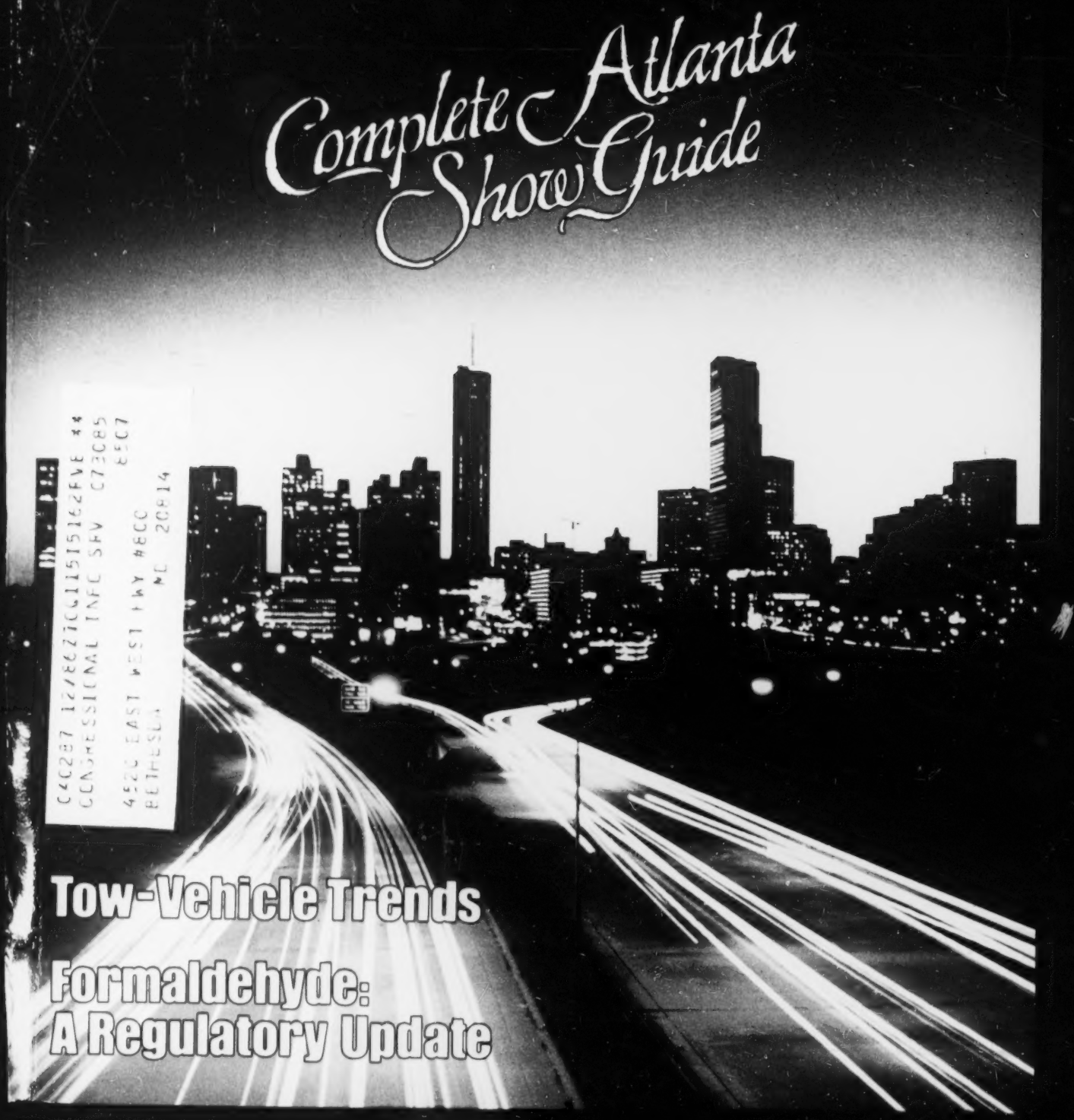

Complete Atlanta Show Guide

Tow-Vehicle Trends

Formaldehyde: A Regulatory Update

RV BUSINESS

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This complete guide to the 24th Annual National RV Trade Show in Atlanta provides attendees with floorplans, manufacturer and supplier listings, an events calendar, and a brief tour of Atlanta's dining, shopping and sightseeing possibilities.

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The growing popularity of light trucks and trailer-towing is reflected in automakers' buyer surveys and sales figures—and Detroit is responding. Manufacturers are improving tow-vehicle performance and tow ratings and, at the same time, designating new marketing strategies to cater to the RV market.

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ON THE COVER: RVIA's 24th Annual National RV Trade Show will enjoy both old-time Southern hospitality and big-city conveniences and excitement this year as the show shifts from its traditional Louisville, Kentucky, location to Atlanta, Georgia. Photo: Ken Biggs/After Image.

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Letters

'PERSPECTIVE' QUESTIONS

I have read the September 1986 issue of your magazine, and I have some questions pertaining to "Perspective."

I note that the sales numbers are from a group of 21 dealers. Do all 21 respond to your survey? What percentage of the total market do you estimate that they represent?

Is it possible to illustrate a meaningful average sales price for each category, e.g., motorhomes, travel trailers, etc.?

I am new in the RV industry, and I am anxious to learn as quickly as possible. I have a copy of your *30th Annual RV Directory*. Would you recommend other publications that might assist me in gaining a better understanding of this industry?

John R. Loveland
President
Utila Sport Trailers
Springfield, Missouri

First of all, John, you should know that all members of the Dealer Advisory Board (DAB) respond to the monthly survey form every month. Most members have served on the board for many years; more than half have served for 10 years or more. DAB members were chosen because of their location, size and type of inventory. Their dealerships range in size from quite small to very large, and their inventories vary a great deal in terms of RV types. Although they represent less than 1 percent of all RV dealerships, we believe that they reflect the general retail picture. Since the statistical value of the average sales price for units in such broad categories would be questionable, we make no attempt to obtain those figures.

As for publications produced by TL Enterprises that might help you gain an understanding of the RV industry, I recommend MotorHome and Trailer Life. Both are consumer publications and will help you understand what RVing is all about. If you learn what the consumer is looking for, you will have achieved a milestone in your education about the RV retail business. Finally, John, we'd also suggest that you go to as many RV shows as possible, particularly the large trade shows (note the "Calendar" section in RVB).

MARKETING

I enjoyed Gaylord Maxwell's column, "Fright At First Sight," in the September issue.

I travel a lot and have visited many RV dealerships along the way. I am amazed at what a poor job some dealers are doing to market their products.

As I was in the Seattle airport getting ready to depart for home, I had about two hours to kill. Because of the way the airport shops had displayed their merchandise, I spent more than $100 on candy, a walrus tusk carving and so forth. This was $100 more than I had intended to spend before I started browsing.

I am agreeing with the opinion that dealers and manufacturers are not doing enough to sell the RV lifestyle.

We must do a better job of selling the glamour and excitement of the RV lifestyle, or else we will go the way of the dodo bird.

Rex Floyd
Floyd's Campers Incorporated
Norman, Oklahoma

CORRECTION

The average gross profit percentages reported for the Warehouse Distributors Association (WDA) on page 29 in the September issue were based on the mean values of the association members. The correct reporting of the figures should have been median values, which would have put small, medium and large companies' gross profit margins at 27.9 percent, 23.9 percent and 22.3 percent, respectively.—*Editor*

RV Business invites its readers to respond to the columns and feature articles presented in this and other issues. Address correspondence to RV Business, 29901 Agoura Road, Agoura, California 91301. All letters are considered for publication.

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Perspective

An analysis of RVB's monthly survey of its Dealer Advisory Board Members

GAYLORD MAXWELL

	NEW						USED					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	SEPT. 1986	SEPT. 1985	% CHANGE	1986	1985	% CHANGE	SEPT. 1986	SEPT. 1985	% CHANGE	1986	1985	% CHANGE
MOTORHOMES	106	97	+ 7	940	1056	−11	91	53	+72	858	779	+10
TRAVEL TRAILERS	85	74	+15	838	831	+ 1	80	90	−11	767	752	+ 2
TRUCK CAMPERS	12	13	− 8	141	155	− 9	7	9	− 2	90	110	−18
CAMPING TRAILERS	67	50	+34	994	1139	−13	11	22	−50	283	331	−15
FIFTH-WHEELS	29	20	+45	222	237	− 6	11	7	+57	70	82	−15

	FOR MONTH			YEAR-TO-DATE		
	SEPT. 1986	SEPT. 1985	% CHANGE	1986	1985	% CHANGE
SALES VOLUME	$8,647,604	$6,703,058	+29	$79,521,381	$80,521,381	<−1%
TOTAL UNIT SALES	499	435	+15	5,203	5,472	−5
NEW-UNIT SALES	320	254	+26	3,135	3,418	−8
USED-UNIT SALES	200	181	+10	2,068	2,054	<+1%

In what can, at best, be described as a "flat" year, September was definitely a bright spot according to RVB's Dealer Advisory Board (DAB). Compared with the corresponding month of last year, more dollars were taken in and more units were sold (both new and used). Thirteen of the 20 DAB reporters were up in sales volume, and six were very close to last year's figures.

In terms of profits, it was a good month. Most members of the board rated grosses generally good to fair in new units, and good to excellent on used. Net profits were a bit weaker, with ratings of fair to good being the most frequently reported, and a couple of excellents being matched by two poors.

Inventories of new units were generally in good shape, with only one DAB member rating his high. Three considered their used inventory to be high. Lot traffic was rated average most frequently. The number of new buyers was generally rated on the low side.

For the year-to-date, the bright side is that more than half (12) DAB members have taken in more dollars; however, the total sales volume for the DAB is slightly down. In terms of units, the picture isn't quite so good. Of the five RV types, four categories are down in new units sold, and three are off the pace in used units.

MOTORHOMES

September was one of the best motorhome months in a long time—good in new units, and great in used. Profits were generally rated good, although three marked them poor because of close-outs. For the year-to-date, new units are still lagging behind the previous year, but used sales are up.

There does appear to be a trend toward greater increases in the larger motorhome dealer's business than in the little guy's business. The reason may be more sophisticated marketing practices on the part of the former.

TRAVEL TRAILERS

According to the DAB, September was a good month for new trailer sales compared with 1985—a fact consistent with year-to-date figures that show this category as the only one in the plus column. Although used sales were down for the month, they are still up for the year-to-date. Profits were rated fair to good.

Travel-trailer sales have been up consistently for several months, so it may be that this RV type is in the early stages of a comeback.

TRUCK CAMPERS

Two DAB dealers made sales of this type this September, as opposed to four dealers last year; however, sales were only one unit apart. The camper specialist on the DAB rated profits excellent. Used units were down slightly. Year-to-date, both new and used are down.

With the popularity of pickup trucks, there's no reason why camper sales should lag. It is obviously a problem in marketing—not something inherently wrong with that RV type.

CAMPING TRAILERS

Two members of the DAB had exceptionally strong September sales in folding camping trailers; consequently, the percentage increase for the month over last year is impressive. The year-to-date percentage decline in new-unit sales is the greatest of the five RV types, however. Profits in September were generally rated good. Used sales were only half what they were last year, and the year-to-date figure is down.

FIFTH-WHEELS

In terms of percentage of increase, fivers were the champion this month. Several members of the DAB more than doubled last September's new-unit sales. Used units did exceptionally well, too. Year-to-date, however, sales are not quite holding their own with the previous year. Profits were generally rated fair to good.

Not many dealers give fifth-wheels a fair chance; you can't stock one or two and expect to be in the business. Those who have the inventory and the knowledge necessary to sell them generally do sell well. Δ

Perspective is a compilation of data provided by RVB's Dealer Advisory Board (DAB), a group comprised of 21 dealers representing a cross-section of the U.S. dealer body. This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

RVIA, SEPTEMBER

The marketing committee of the Recreation Vehicle Industry Association has announced that the total number of recreational vehicles shipped from manufacturers' plants during September 1986 was 30,000 units, up 13.6% from September 1985.

The shipment figures released by the association are contained in a report compiled for the membership by RVIA's marketing committee under the chairmanship of Allen Yoder Jr. of Jayco Incorporated, Middlebury, Indiana.

RV shipments were as follows in Sept. 1986		Sept. 1985	Percent Change	Cumulative 1986	Cumulative 1985	Percent Change
TRAVEL TRAILERS	4,100	4,000	+ 2.5%	44,700	45,400	– 1.5%
PARK MODELS	500	700	– 28.6%	5,600	5,600	0%
FIFTH-WHEELS	2,000	1,700	+ 17.6%	17,600	16,000	+ 10.0%
TRUCK CAMPERS	500	600	– 16.7%	5,800	5,800	0%
MULTI-USE VEHICLES (Van Conversions)	14,800	11,900	+ 24.4%	146,100	127,500	+ 14.6%
TYPE A: MOTOR-HOMES	2,600	2,300	+ 13.0%	24,800	26,500	– 6.4%
TYPE B: VAN CAMPERS	600	300	+ 100%	4,700	5,500	– 14.5%
TYPE C: MINI MOTOR-HOMES	2,300	2,100	+ 9.5%	22,600	23,500	– 6.4%
FOLDING CAMPING TRAILERS	2,600	2,800	– 7.1%	27,600	29,100	– 5.2%
TOTALS	30,000	26,400	+ 13.6%	298,900	284,900	+ 4.9%

TOW-VEHICLE TRENDS

Chevrolet Astro

Dodge Caravan

Cherokee Chief

Ford Bronco

Conventional-size light-duty trucks are becoming more popular with trailer-towers, according to both automotive-company buyer studies and statistics on trailer-towing package installations. And manufacturers are caterings to RVers' demands by increasing light-truck performance and tow ratings, and by redirecting marketing strategy to take advantage of trailering.

Pickups, in particular, are increasingly favored for trailer-towing. In the 1985 model year, for example, the latest for which auto-company buyer data is available, 80 percent of the people who bought a one-ton pickup used it to tow some kind of trailer—including utility

Boosted tow ratings, marketing strategies reflect light-truck popularity

Figure 1

PERCENT OF NEW-TRUCK BUYERS TOWING A TRAILER*

	1985	1984	1983
½-ton pickups	44	41	40
¾-ton pickups	67	65	65
One-ton pickups	80	79	78
Full-size passenger vans	37	30	26
Small domestic pickups	29	26	28
Large sports utility	49	50	50
Compact sports utility	25	31	33

**Based on domestic manufacturer surveys of new-truck buyers a half-year after they registered their vehicles.*

Figure 2

PERCENT OF INSTALLATION OF TOW PACKAGES FOR LIGHT-DUTY TRUCKS*

	1986	1985	1984
Chevy Suburban	37.4	32.5	27.5
4WD Chevy Blazer	17.1	14.2	11.6
Chevy van (commercial)	1.1	1.3	.7
Chevy Sportvan (passenger)	10.1	8.8	6.7
Chevy S-10 pickup	.8	.9	.7
Chevy S-10 Blazer (compact)	7.0	6.9	6.3
Astro compact van (passenger)	11.0	10.3	—
Ford Econoline van (commercial)	4.0	3.3	2.5
Ford Club Wagon van (passenger)	20.0	16.0	12.0
Ford Bronco	33.0	23.0	15.0
Ford F-series full-size pickup	15.0	10.0	7.0
Ford Aerostar	12.3	—	—
Dodge Ramcharger	N.A.	23.5	21.9
Dodge full-size pickup	N.A.	5.5	5.3
Dodge full-size van (passenger)	N.A.	7.2	6.1
Dodge full-size van (commercial)	N.A.	3.1	2.3
Jeep Grand Wagoneer	63.0	62.0	55.0
Cherokee	19.0	19.0	15.0
Wagoneer	35.0	33.0	21.0
Comanche	5.0	—	—

** '86-model Dodge numbers were not available because of a change in which trailer-towing equipment was no longer offered in package form; rather, the company began offering various portions of the package, such as a bigger radiator and/or fan, individually.*

trailers, travel trailers, horse trailers, etc.—up from 78 percent in 1983. *(See Figure 1.)* By comparison, 67 percent of Chevrolet/GMC Suburban buyers and 49 percent of Bronco, Blazer/Jimmy, Ramcharger and Grand Wagoneer buyers used their vehicles to tow trailers.

The 4-wheel-drive (4WD), ½- and ¾-ton pickups generally were used more often for towing than the 2WD versions of the same-size pickups. The reverse was true for one-ton pickups: The 2WD versions were used most frequently.

About 11 percent of ½-ton pickup buyers reported towing trailers that weighed from 5000 pounds to more than 8000 pounds, while 36 percent of ¾-ton pickup buyers said they towed such trailers.

Among full-size passenger-van buyers, it has been reported that 39 percent males and 33 percent females have towed a trailer, according to auto-company buyer data.

Another measure of the popularity of light-duty trucks for trailer-towing is the number of tow packages installed. *(See Figure 2.)* However, the incidence of trailer-towing is even higher than the actual number of tow packages installed, because many smaller trailers don't require special tow packages. Manufacturers' data shows, for example, that one-third of 1986 model full-size sports-utility trucks were ordered with a tow package, and the number of such packages ordered in other light trucks has been increasing across the board.

The shift to light trucks for towing is enhanced by the continued decline in the use of passenger cars as tow vehicles. While some full-size cars, such as the Ford Crown Victoria and selected General Motors Corporation (GM) models, can still pull a 5000-pound trailer, many trailer makers, such as Airstream, no longer make trailers of that weight. Other trailer manufacturers still offer the lighter trailers, but, as Dave Tarrant, RV/OEM sales manager at Ford Division points out, "people who are really at the hardcore of the trailering market typically have trailers that, regardless

TOW VEHICLES

continued

of brand, weigh 6000 to 7000 pounds." Trailers of those weights need to be towed by a truck.

The power, performance and economy of light trucks also have been steadily improving with the addition of fuel-injection engines and other sophisticated hardware.

Bob Rieth, manager of special vehicles for GM's Chevrolet division, points out that the tow ratings on Chevrolet/GMC compact Astro/Safari vans climbed to 6000 pounds this year, up from a 5000-pound rating. This moves the vans from borderline Class 3 trailering vehicles to ones with more leeway for RVers, notes Rieth. Chevrolet and GM also boosted the tow ratings of their G20 series vans from 6000 pounds to 6500 pounds by reintroducing the 350-cid V-8 engine. The engine allows RVers to get power that was only previously available in a higher-priced G30 series, according to Rieth, and has boosted the popularity of that line by providing a more affordable tow vehicle.

GM also has catered to RV demand by increasing the availability of the 5.7-liter V-8 engine. The 5.7 engine is now nationally available as an option for 2WD and 4WD ½-ton and ¾-ton pickups rated up to 8500 pounds.

American Motors Corporation's (AMC) Jeep division also raised tow ratings to 5000 pounds this year on its Cherokee, Wagoneer and Comanche trucks, with the addition of a new 6-cylinder, 4.0-liter engine.

Chrysler Corporation is moving toward higher ratings in compact vans and pickups as well. The tow rating for its extended-wheelbase Caravan Voyager, with, a new 3.0-liter V-6 engine, will be raised to 2750 pounds in mid-1987, and then will be increased to 4000 pounds in 1988 with a special trailering package, according to company sources. In the 1988 model year, Chrysler says it will expand availability of that engine and increase power in its other engines with fuel injection.

Some manufacturers say that they could increase the ratings of some models further but that they are reluctant to do so. As Ford's Tarrant points out, although the Ford F-250 and F-350 heavy-duty pickups could go above a 12,500-pound trailer-weight rating, according to Ford engineers, Ford would be taking a risk because trailer-towers are prone to exceed specified limits.

"We've seen people tow 20,000-pound trailers with a 12,500-pound rated vehicle," says Tarrant. "We've also seen F-350 chassis cabs set up with fifth-wheels, so they look like miniature F-8000s (medium-duty trucks). While we don't condone it, that's the real world. And it makes us cautious about raising our ratings." Until competition forces Ford to do otherwise, the company will hold tow ratings at its current limit, Tarrant says.

Other automakers, however, may be boosting tow ratings. Chevrolet's Rieth notes that the 2WD C-30 pickup has a top rating of 13,500 pounds now, and, when Chevrolet's 454-cid V-8 engine becomes fuel injected next fall for the 1988 models, it could prompt an increase in the pickup's tow ratings. Chrysler may also introduce a powerful new Cummins turbodiesel engine in its D-350 pickups in calendar 1988, which will boost its towing capacity well beyond the company's current 9000-pound limit for the D-350, according to rumors.

Although Detroit could also put larger V-8 engines into their full-size cars and, thus, raise their tow ratings substantially, auto-company officials indicate that they have no interest in doing so. Such a move would hamper meeting federal fleet corporate average fuel economy (CAFE) standards, which would force the auto companies to pay penalties and create a bad image for their cars.

In fact, federal emissions standards will soon affect trucks as well. A new emissions law, which will take effect this January, will impact gasoline-engine trucks in the 10,000- to 14,000-pound

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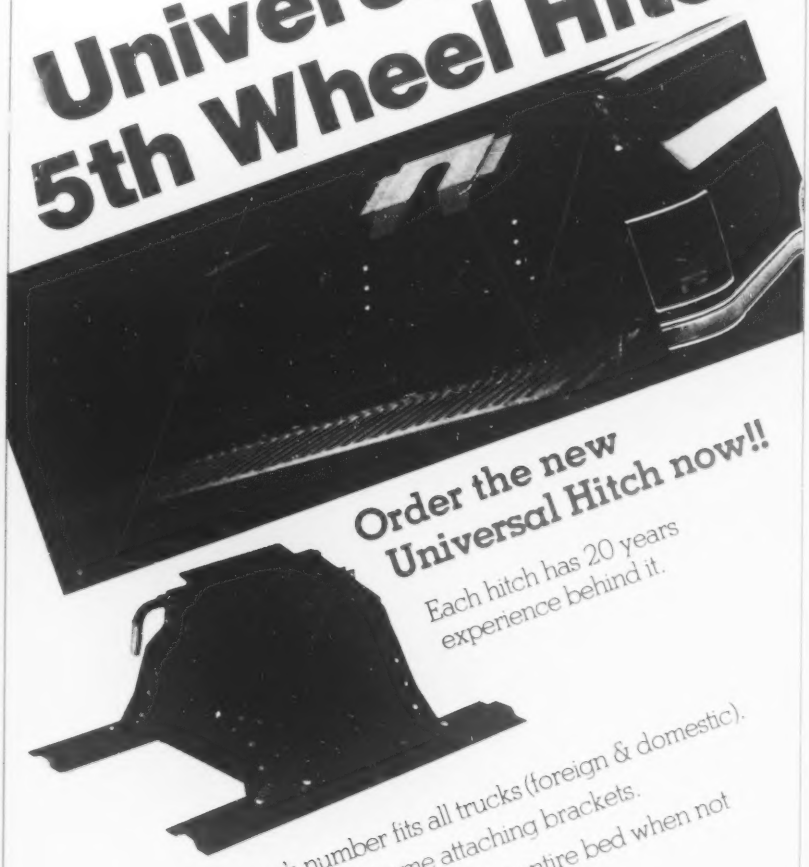

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TOW VEHICLES

continued

gross vehicle weight (gvw) range, including some of the one-ton dual-wheel chassis pickups that seem to be popular with RVers.

In order to meet the federal law, Ford is fuel-injecting its 7.5-liter V-8 engine and adding catalytic converters, according to the company, and some of the costs are likely to be passed on to the buyer. GM says it will continue offering gasoline engines in that gvw range, as well as pushing sales of its diesel-engine trucks in that gvw range, because the new law does not affect such diesels. Chrysler and AMC sell few trucks in the affected gvw range.

Detroit officials say they are seeking ways of meeting the law so that availability of certain gasoline engines is not restricted in affected models. Even though Ford's 5.8-liter V-8 won't be fuel-injected until next fall, the company sources say it expects to have full availability of the 5.8-liter engine throughout the 1987 model year. GM officials also say that they expect gasoline engines in the 10,000- to 14,000-pound truck models will continue to be available.

Meanwhile, manufacturers are looking at new marketing approaches that take advantage of the increased popularity of tow vehicles and trailering.

For example, Troy Simonsen, truck program management chassis manager for Chrysler, asserts that many in the industry "don't know how important trailering is. We haven't recognized its full significance." Even though recent Chrysler tow-package figures have been complicated by a 1986 shift in Chrysler operations from selling tow packages to selling the package components separately (including maximum cooling, auxiliary oil coolers for automatic transmissions, and heavy-duty batteries and suspensions), Simonsen believes that the figures reveal a pattern of continued growth.

Simonsen is undertaking his own study of trailer-towing and suggests that the company could do more to appeal to trailer-towers, such as upgrading the basic towing capability of Dodge trucks. Although Chrysler's position is that any of its full-size pickups can handle a 2000-pound trailer without additional equipment, Simonsen suggests that, by standardizing a couple of basic items—such as maximum cooling, which is the most difficult to retrofit—Chrysler could better equip its trucks to handle heavier trailers, without adding a lot of extra manufacturing costs.

Meanwhile, Ford strategy has focused on simplification of its optional tow-equipment packages.

On certain compact trucks equipped with small engines, for example, Ford no longer offers a specific trailering

continued on page 124

SALARY SURVEY: AN '86 UPDATE

WALTER B. WENTZ

The March issue of *RV Business* featured the First Annual RV Industry Salary Survey, which reported the findings of a compensation survey taken late in 1985. This article updates those findings with the results of a 1986 sample of the industry.

The 1985 survey focused on averages: the average total-compensation package (salary and bonus) for the various positions—from president to clerk—of RV manufacturers, suppliers and dealers. The 1985 average compensation figures were categorized by size of firm (total sales) and are recapped below in Figures 1, 2 and 3.

This 1986 survey update looks at change: the average percentage increase or decrease from 1985 in the total compensation packages of manufacturers, suppliers and dealers. Because of a limited sample size, 1986 compensation reports were not subdivided by firm size. The percentage changes indicate the direction of compensation levels for firms of all sizes.

In general, the changes were not significant and usually were in line with what might be expected in a year when sales were less than robust and the pressure was on for cost containment to salvage profits.

Manufacturers

As you see in Figure 4, chief executive officers (CEOs) pulled a little more out of their RV companies in 1986, while marketing executives drew less. This was mainly the result of smaller bonuses, as one would expect in a period when sales were weak.

On the marketing side, the 15 percent increase in a salesperson's total compensation (salary and bonus) is surprising, given the sluggish sales picture and the decreases in compensation to marketing directors (down 19 percent) and sales managers (down 10 percent). This may have been a statistical fluke, something that is always possible with sample data. More likely, it was the result of leaner sales forces, hence more sales per salesperson. Also, some RV manufacturers probably hiked their incentive program in an effort to get more production out of their sales force.

It is not surprising to see production managers, who have the most influence over quality and cost, get a bit more money. For example: The manufacturing directors' income showed an 11-percent increase.

A disturbing trend must also be noted. Most manufacturing firms responding to the 1986 survey did not report a compensation figure for the head of research and development, implying that there is no such job or that the position is not currently filled. As tomorrow's success rests on today's research and development, this is a matter for concern.

Suppliers

Figure 5 provides a picture of RV suppliers. Again, change is less than dramatic, but the profile is different from that of the vehicle manufacturer. Compensation for the better-paid positions either remained unchanged, such as that for CEOs, or decreased, as in the case of manufacturing directors. Increases went to production-line supervisors, line workers and salespersons.

There may be a couple of explanations, in addition to random error present in any sample data, for the difference between the suppliers' and manufacturers' profiles. First, many of the suppliers are not exclusively in the recreational vehicle business as are most of the manufacturers surveyed. Suppliers, therefore, are affected by a slightly different set of economic forces. Second, the nature of their products is different, requiring a different set of labor, as well as material, inputs.

continued

1985 SALARY SURVEY IN BRIEF

Figure 1

1985 AVERAGE TOTAL COMPENSATION: MANUFACTURERS

Position	Under $5 million Total compensation (*salary & bonus*)	$5-14.9 million Total compensation (*salary & bonus*)	$15-$100+ million Total compensation (*salary & bonus*)
CEO	$54,362	$101,250	$196,733
President	54,716	92,333	161,903
Director of Marketing	45,993	62,866	77,690
Sales Manager	31,600	50,800	63,000
R&D Director	20,000	27,675	64,225
Purchasing Director	22,334	33,100	44,468
Manufacturing Director	32,788	46,650	71,693
Plant Supervisor	25,924	40,069	39,243
Production-line Supervisor	20,219	23,317	27,468
Production-line Worker	15,653	16,670	14,762
	(*salary & commission*)	(*salary & commission*)	(*salary & commission*)
Salesperson	28,523	39,908	46,100

Figure 2

1985 AVERAGE TOTAL COMPENSATION: SUPPLIERS

Position	Under $2 million Total compensation (*salary & bonus*)	$2-$8.9 million Total compensation (*salary & bonus*)	$9-$20.9 million Total compensation (*salary & bonus*)	$21-$49.9 million Total compensation (*salary & bonus*)	$50+ million Total compensation (*salary & bonus*)
CEO	$67,467	$98,611	$184,877	$270,000	$155,250
President	56,544	83,420	120,132	198,667	129,000
Director of Marketing	34,920	46,345	64,300	74,700	84,844
Sales Manager	34,117	52,044	55,299	69,100	51,696
R&D Director	30,000	42,666	46,481	51,350	54,395
Purchasing Director	24,792	28,611	52,268	58,520	44,064
Manufacturing Director	37,479	48,910	67,448	69,800	61,101
Plant Supervisor	26,370	35,812	42,128	32,750	34,285
Production-line Supervisor	18,574	20,685	22,259	20,600	23,870
Production-line Worker	14,599	12,666	13,528	12,004	18,592
	(*salary & commission*)	(*salary & commission*)	(*salary & commission*)	(*salary & commission*)	(*salary & commission*)
Salesperson	23,270	53,135	46,600	73,667	65,200

Figure 3

1985 AVERAGE TOTAL COMPENSATION: DEALERS

Position	Under $1 million Total compensation (*salary & bonus*)	$1-$2.9 million Total compensation (*salary & bonus*)	$3-$7.9 million Total compensation (*salary & bonus*)
President/Owner	$35,090	$46,830	$68,200
General Manager	25,590	34,000	44,800
Sales Manager	29,190	27,730	27,750
F&I Manager	25,380	21,600	†
Service Manager	21,350	21,860	27,230
Parts Manager	17,950	13,690	24,880
Line Mechanic	15,555	16,760	17,550
Clerk	10,990	13,490	11,450
Lot Staff	8,390	19,990	12,000
	(*salary & commission*)	(*salary & commission*)	(*salary & commission*)
Salesperson	25,270	29,950	29,870

† = Inadequate data

Dealers

As we see in Figure 6, the presidents/owners of RV dealerships did no better or worse than last year, but their employees generally did better. (Where the data were insufficient to be statistically meaningful, the numbers are omitted.)

Sales commission rates remained about the same. Either the salesperson gets 20-25 percent of the gross profit, or he/she earns no incentive pay. Incentive pay is the reported norm, although some salespeople do earn mainly, or exclusively, salary.

Fringe Benefits

The pattern of fringe benefits remains about the same compared with last year. (See Figure 7.) Medical insurance is the most common benefit, although we suspect the employer's contribution (expressed as a percentage) or the scope of the coverage may have declined a bit with the increase in the price of medical insurance programs.

The Big Earners

The highest total compensation package reported in the RV industry in the 1986 sample was $496,000 (salary plus bonus) for the CEO of a manufacturing firm. The highest-paid position reported by a supplier was another CEO's $182,000 in total salary and bonus. The dealer top dollar was $220,000 for a company president/owner.

Although these are impressive incomes, they are little more than petty cash for the nation's really big earners. For example, Victor Posner holds the 1985 record for a publicly held corporation with a salary-and-bonus package of $12,739,000. That is not bad pay for running a company, DWG Corporation, that made only $5.6 million last year. Chrysler Corporation Chairman Lee Iacocca placed second with $11,426,000.

Although the profits of publicly held corporations have risen little during the past few years, and labor has barely held its own, compensation for top management has gone up significantly—9 percent just last year. In 1980, four executives made more than $1 million in salary and bonus. Last year, the number had climbed to 146. The senior executives of companies listed in a *Business Week* study of 1985 executive pay—and this includes all the big, publicly held firms—earned an average of $679,000 per year.

Your Numbers

In comparing your compensation pat-

Figure 4

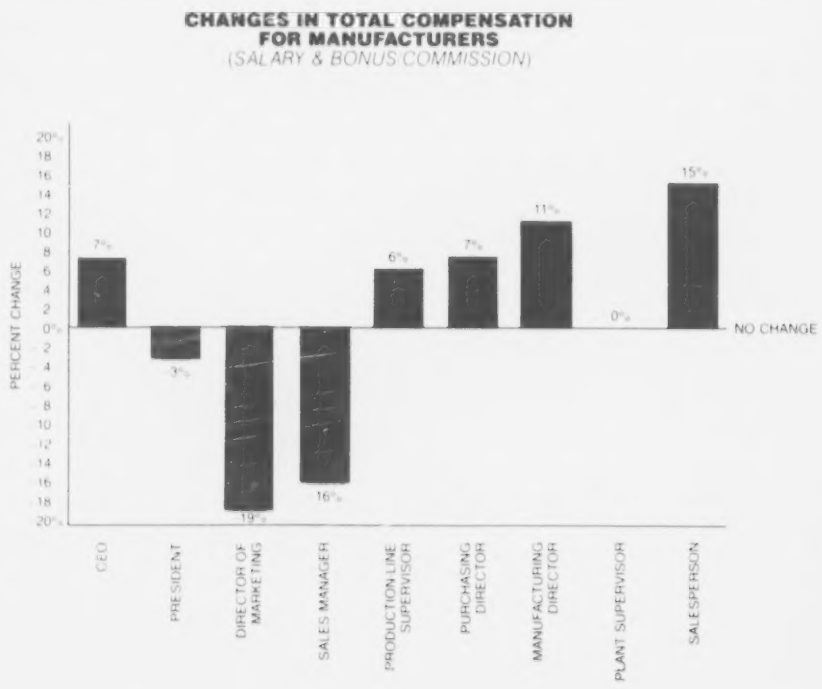
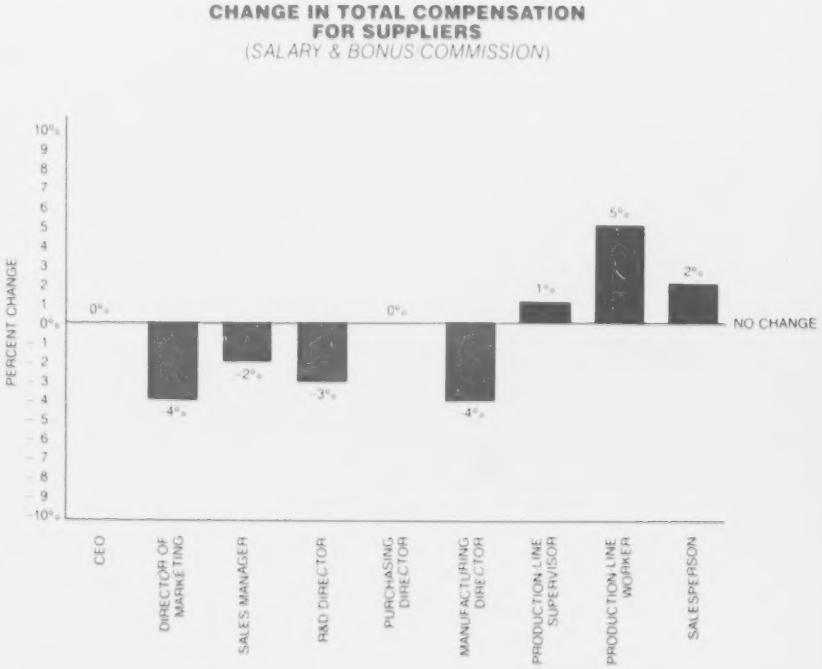
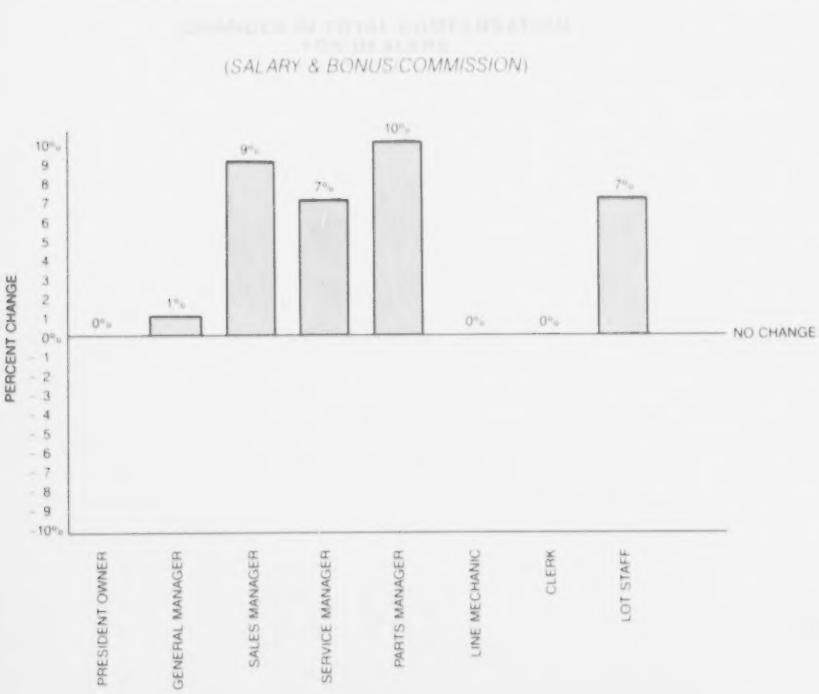


Figure 5



terns with those reported above, remember that cash income and benefits vary between industries, between sectors of a given industry, between firms within industry sectors and between regions. For example, firms in Mississippi do not pay as much as those in California—nor do they have to, due to the differences in the cost of living and the degree of unionization.

Figure 6



To get a better idea of where your company stands, look at the local data for related jobs. One source for such information may be your state employment office. Another source is the Bureau of Labor Statistics, a federal agency that regularly collects and publishes data on regional, and even local, labor rates. Your local chamber of commerce should also be able to provide data or tell you where to get it. Check the local library for publications such as *Sales Force Compensation* (New York: Dartnell Institute of Financial Research) or appropriate issues of *Inc.* magazine or *Sales and Marketing Management*.

A simpler test of the adequacy of your total compensation and working conditions is turnover. Do you keep your good people? Do you attract good people? If the answers are "no," you are doing something wrong, and it may not be just the pay.

If the answers are "yes," you may still be doing something wrong; you may be overpaying. Ask yourself what kind of profit you are making and how much supervision you have to provide your people. If profit is good and you are not baby-sitting your experienced employees, do not worry about whether you may be overpaying people. Generally speaking, good people are a bargain at any reasonable price. Δ

Figure 7

1985 NONMONETARY COMPENSATION OF THE LARGEST MANUFACTURERS, SUPPLIERS, DEALERS

Manufacturers $15-$100+ million
(percentage employer's contribution)

	Exec./Mgmt.	Salaried	Sales	Hourly
Medical Insurace	89%	89%	78%	78%
Pension	44%	44%	44%	44%
Life Insurance	56%	56%	56%	56%
Company Car	22%	0%	11%	0%

Suppliers $50+ million

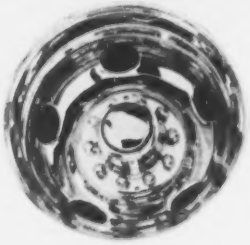
	Exec./Mgmt.	Salaried	Sales	Hourly
Medical Insurance	78%	78%	56%	89%
Pension	67%	67%	44%	44%
Life Insurance	44%	44%	33%	33%
Company Car	0%	0%	0%	0$

Dealers $3-$7.9 million

	Exec./Mgmt.	Salaried	Sales	Hourly
Medical Insurance	70%	70%	70%	70%
Pension	17%	17%	17%	17%
Life Insurance	17%	17%	17%	17%
Company Car	0%	0%	0%	0%

Coming in January in *RV Business:*

An outlook for the '87 van-conversion market, plus a profile of the van-conversion buyer.



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Kaper, Circle 41 on Reader Service Card

TOW VEHICLES

from page 52

package because few people use such vehicles to tow anything, Tarrant says. Instead, Ford offers selected individual components for trailering—super-engine cooling, for example—as options.

On the Aerostar, Ford has combined options that appeal to a trailer-tower into a broader package called the "functional group" option. The package is designed for any severe service use. And, on its full-size F-series pickups, the company has simply combined separate camper and tow packages, which have many common parts, into one package.

Ford marketing strategy also is seeking to target a specific group of trailer-towers, according to Tarrant.

Tarrant divides trailer-towers into two groups. The "no-compromise" group consists of the retirees and other people who have sufficient means to be RVers on a continual basis, he explains. These RVers tend to buy vehicles with more than 8500-pound gvw and with larger powertrains or high-powered diesels. They are inclined to pull large trailers or to frequently use whatever trailer they do own.

The second, "compromise" group uses trailers less frequently, notes Tarrant. This group's trucks double as "second cars" for everyday functions, such as

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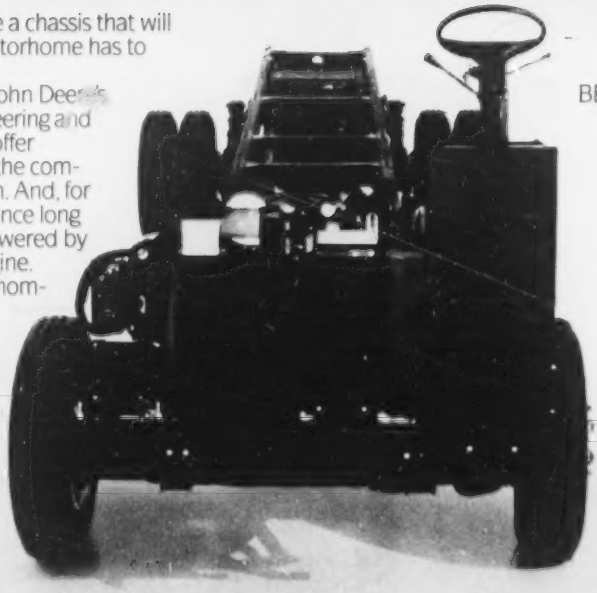

150

THE CONFIDENCE BUILDERS

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shopping. This group doesn't want to invest as much in its vehicles, he says. It is also looking for flexibility, good handling and fuel economy, as well as durability and solid towing capability for the occasions when a trailer is used.

Tarrant says that, because the compromise group is by far the larger, Ford is moving toward creating vehicles specifically for that group, with more targeted transmissions, powertrains and axle ratios.

As the most traditional of the Big Three automakers in its market approach, GM's strategy is to continue offering the widest array of vehicles and tow packages possible. It still has light- and heavy-duty trailering packages for full-size vans, for example, with prices ranging from $132 to $596 in 1987. GM also continues to offer tow packages in its compact vans and pickup trucks, and will have the broadest variety of full-size trucks on the market this year.

Like GM, AMC also continues to take a very traditional approach to the market, says Bart McLellan, Jeep marketing plans manager. AMC, too, maintains light- and heavy-duty trailer packages for its various compact and full-size trucks. Despite the introduction of the high-powered 4.0-liter engine, AMC is taking a conservative approach and is planning for tow-package installations to be about the same this year as last.

Looking to the future, Detroit officials generally are upbeat about the prospects for tow vehicles. Tow-vehicle sales, particularly truck sales *(see accompanying story)*, have been very strong, although towable sales have fallen off this year after strong years in 1983, '84 and '85, according to Recreation Vehicle Industry Association statistics. Undismayed by the drop in towable sales, Detroit officials point out that there's still a huge universe of trailers in operation, which will tend to far outlast the vehicles that pull them. Δ

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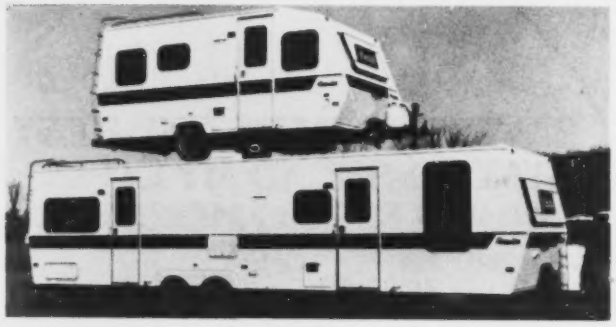

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